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## Portugal

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## Portugal Trots Towards Greater Access to the Chinese Market

### **Report Categories:**

Agricultural Situation  
Livestock and Products

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### **Report Highlights:**

In June 2019, Portugal and China signed a protocol allowing Portugal to export pig feet (swine offals) to China. This protocol follows a May 2019 bilateral agreement to facilitate Portuguese agricultural exports. Since late 2018, Portugal has also reached agreements to export frozen pork and table grapes to the Chinese market. With this latest protocol, in 2019, the Portuguese pork industry expects to export a total \$11 million worth of pig feet to China. They also expect the Chinese market will open for all Portuguese swine offals by 2020.

## **General Information**

In January 2019, Portugal finally secured access to the Chinese frozen pork market ([see GAIN SP1914](#)). As a result, during the first quarter of 2019, Portuguese exports of frozen pork to China exploded from zero to 1,095 tons and valued at \$1.65 million. The Portuguese pork industry expects exports of Portuguese frozen pork to China will reach \$114 million by the end of 2019.

In addition, on May 28, 2019, the Portuguese Government signed an agreement with China to strengthen bilateral cooperation, and to harmonize and streamline export procedures (see GAIN SP1928). This agreement set the stage for this new June 2019 protocol allowing Portugal to export pig feet to China. Portuguese exporters now expect to ship \$11 million worth of Portuguese pig feet to the Chinese market. They also expect combined pork sales (frozen pork and pig feet) to reach \$228 million by 2020.

## **Portuguese Pork Industry Reactions to the June 2019 Protocol and Potential Trade Impact**

According to Portuguese industry sources, over the last ten years, Portugal has been working to open the Chinese market for pork exports. In 2018, the Portuguese swine industry association proposed to the General Directorate of Food and Veterinary (DGAV) to set up a commission to work on this endeavor. Portugal gained access for frozen pork in late 2018 and began exporting to China in January 2019. During the first four months of 2019, Portuguese pork exports to China grew from zero to \$1.65 million and China became the second non-EU destination for Portuguese pork exports (see Table 1). Portuguese pork exporters expect to reach sales of \$114 million by the end of 2019.

With this new protocol signed in June 2019, Portugal can now export pig feet (swine offals) to China. As a result, during 2019, the Portuguese pork industry expects to export a total \$11 million worth of pig feet to China, they also expect the Chinese market for all other swine offals to open in 2020. In 2019, the Portuguese pork industry forecast combined sales of frozen pork and pig feet to China to reach \$125 million and almost double by 2020 to \$228 million.

According to the Portuguese pork industry, this new situation will transform the structure of Portuguese pork industry in the coming years. Slaughterhouses without their own pork production and without export strategies will face challenges in the coming years. Many small hog farms and slaughterhouses will shut down in favor of more efficient operations.

The Portuguese industry also intends to increase Portugal's hog production to satisfy the domestic and increasing international pork demand. They estimate that Portuguese pork production should rise 30 percent in the short-term. However, industry sources report that given Portugal's environmental restrictions, in the next three years, Portugal's swine production may increase only up to 10 percent. Thus, Portuguese imports of Spanish pork are expected to continue strong.

Outside of the EU, Portugal's major pork export markets have been Angola and Venezuela. However, over the last two years, Portugal has been looking to diversify its export markets as exports to Angola tend to be volatile and pork exports to Venezuela are now negligible ([see GAIN SP1914](#)).

Currently, China is increasing its pork imports due to domestic outbreaks of African Swine Fever (ASF). Traditionally, Spain, Germany, Canada, Brazil and the United States have been China's major pork suppliers. However, Portugal's recent pork protocols with China signal good prospects for Portugal to increase its presence in China's \$2 billion pork market and \$1.5 billion swine offal market.

**Table 1. Main Portuguese Export Destinations for Pork and Swine Offal**

<b>Product</b>	<b>Country of Destination</b>	<b>CY 2018 (x 1,000MT)</b>	<b>CY 2018 (Million USD)</b>	<b>% Change 2018/2017</b>	<b>YTD 2019 (Jan-Apr) (Million USD)</b>
<b>Pork</b>	<b>World</b>	<b>45</b>	<b>110</b>	<b>-12</b>	<b>38</b>
	EU	31	70	-12	29
	Angola	7.7	23	-23	3
	China	0	0	0	1.6
	Japan	1.7	5	28	1.2
	Macau	0.3	2	90	0.5
	Cape Verde	1	2	-3	0.6
	Switzerland	0.3	2	14	0.6
	Hong Kong	0.8	1	-42	0.1
<b>Offal</b>	<b>World</b>	<b>10</b>	<b>7.6</b>	<b>-8</b>	<b>2</b>
	EU	8	5	25	1
	Hong Kong	0.9	1	-51	0.5
	Angola	0.1	0.3	-43	0.002
	Vietnam	0.2	0.3	313	0.1

Source: Global Trade Atlas (GTA)

Note: For pork meat and pork meat products, Spain is the largest supplier to Portugal and the main export destination.